

105TH CONGRESS
2D SESSION

H. R. 4747

To respond to the needs of United States farmers experiencing exceptionally low commodity prices and extensive crop failures.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 8, 1998

Mr. MINGE (for himself and Mr. POMEROY) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To respond to the needs of United States farmers experiencing exceptionally low commodity prices and extensive crop failures.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Emergency Agricultural Response Act of 1998”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

- Sec. 2. Use of disaster reserve authority to provide disaster assistance to certain producers.
- Sec. 3. Increase in loan rates for marketing assistance loans for certain crops.
- Sec. 4. Extension of marketing assistance loans.
- Sec. 5. Reinstatement of farmer-owned reserve program.
- Sec. 6. Strategic food reserve of loan commodities.
- Sec. 7. Improved delivery of Farm Service Agency services at local and area level.
- Sec. 8. Temporary conservation reserve to respond to disease infestations.
- Sec. 9. Special crop insurance rules for counties subject to disaster declaration.
- Sec. 10. Doubling of budget authority and appropriations for direct loan, loan guarantee, and interest rate reduction programs for fiscal year 1999.

1 **SEC. 2. USE OF DISASTER RESERVE AUTHORITY TO PRO-**
2 **VIDE DISASTER ASSISTANCE TO CERTAIN**
3 **PRODUCERS.**

4 (a) PROVISION OF ASSISTANCE.—Section 813(a) of
5 the Agricultural Act of 1970 (7 U.S.C. 1427a(a)) is
6 amended by adding at the end the following:

7 “The Secretary shall use funds appropriated for the
8 purposes of this section to make cash payments to agricul-
9 tural producers to augment crop insurance benefits for the
10 purpose of alleviating distress caused by multiple year
11 crop losses.”

12 (b) APPROPRIATIONS.—There is hereby appropriated,
13 out of any money in the Treasury not otherwise appro-
14 priated, \$1,200,000,000 for the reserve established under
15 section 813 of the Agricultural Act of 1970 (7 U.S.C.
16 1427a).

17 (c) DESIGNATION OF EMERGENCY.—The amount ap-
18 propriated under subsection (b) shall be available only to
19 the extent that the President submits to Congress an offi-

1 cial budget request for a specific dollar amount that in-
 2 cludes designation of the entire amount of the request as
 3 an emergency requirement for the purposes of the Bal-
 4 anced Budget and Emergency Deficit Control Act of 1985
 5 (2 U.S.C. 900 et seq.). The entire amount of the funds
 6 is designated by Congress as an emergency requirement
 7 under section 251(b)(2)(A) of the Balanced Budget and
 8 Emergency Deficit Control Act of 1985 (2 U.S.C.
 9 901(b)(2)(A)).

10 **SEC. 3. INCREASE IN LOAN RATES FOR MARKETING ASSIST-**
 11 **ANCE LOANS FOR CERTAIN CROPS.**

12 (a) WHEAT.—Subsection (a) of section 132 of the
 13 Agricultural Market Transition Act (7 U.S.C. 7232) is
 14 amended by striking paragraph (1) and inserting the fol-
 15 lowing new paragraph:

16 “(1) LOAN RATE.—Subject to paragraph (2),
 17 the loan rate for a marketing assistance loan under
 18 section 131 for wheat shall be equal to the greater
 19 of—

20 “(A) 85 percent of the simple average
 21 price received by producers of wheat, as deter-
 22 mined by the Secretary, during the marketing
 23 years for the immediately preceding 5 crops of
 24 wheat, excluding the year in which the average

1 price was the highest and the year in which the
2 average price was the lowest in the period; and

3 “(B) 85 percent of the simple average
4 price received by producers of wheat, as deter-
5 mined by the Secretary, during the 1994
6 through 1998 marketing years, excluding the
7 year in which the average price was the highest
8 and the year in which the average price was the
9 lowest in the period.”.

10 (b) FEED GRAINS.—Subsection (b) of such section
11 is amended by striking paragraph (1) and inserting the
12 following new paragraph:

13 “(1) LOAN RATE FOR CORN.—Subject to para-
14 graph (2), the loan rate for a marketing assistance
15 loan under section 131 for corn shall be equal to the
16 greater of—

17 “(A) 85 percent of the simple average
18 price received by producers of corn, as deter-
19 mined by the Secretary, during the marketing
20 years for the immediately preceding 5 crops of
21 corn, excluding the year in which the average
22 price was the highest and the year in which the
23 average price was the lowest in the period; and

24 “(B) 85 percent of the simple average
25 price received by producers of corn, as deter-

1 mined by the Secretary, during the 1994
2 through 1998 marketing years, excluding the
3 year in which the average price was the highest
4 and the year in which the average price was the
5 lowest in the period.”.

6 (c) UPLAND COTTON.—Subsection (c)(2) of such sec-
7 tion is amended by striking “or more than \$0.5192 per
8 pound”.

9 (d) EXTRA LONG STAPLE COTTON.—Subsection (d)
10 of such section is amended to read as follows:

11 “(d) EXTRA LONG STAPLE COTTON.—The loan rate
12 for a marketing assistance loan under section 131 for
13 extra long staple cotton shall be equal to the greater of—

14 “(1) 85 percent of the simple average price re-
15 ceived by producers of extra long staple cotton, as
16 determined by the Secretary, during 3 years of the
17 5-year period ending July 31 of the year preceding
18 the year in which the crop is planted, excluding the
19 year in which the average price was the highest and
20 the year in which the average price was the lowest
21 in the period; and

22 “(2) 85 percent of the simple average price re-
23 ceived by producers of extra long staple cotton, as
24 determined by the Secretary, during the 1994
25 through 1998 marketing years, excluding the year in

1 which the average price was the highest and the year
2 in which the average price was the lowest in the pe-
3 riod.”.

4 (e) RICE.—Subsection (e) of such section is amended
5 to read as follows:

6 “(e) RICE.—The loan rate for a marketing assistance
7 loan under section 131 for rice shall be equal to the great-
8 er of—

9 “(1) 85 percent of the simple average price re-
10 ceived by producers of rice, as determined by the
11 Secretary, during the marketing years for the imme-
12 diately preceding 5 crops of rice, excluding the year
13 in which the average price was the highest and the
14 year in which the average price was the lowest in the
15 period; and

16 “(2) 85 percent of the simple average price re-
17 ceived by producers of rice, as determined by the
18 Secretary, during the 1994 through 1998 marketing
19 years, excluding the year in which the average price
20 was the highest and the year in which the average
21 price was the lowest in the period; and

22 “(3) \$6.50 per hundredweight.”.

23 (f) OILSEEDS.—Subsection (f) of such section is
24 amended by striking paragraphs (1) and (2) and inserting
25 the following new paragraphs:

1 “(1) SOYBEANS.—The loan rate for a market-
2 ing assistance loan under section 131 for soybeans
3 shall be equal to the greater of—

4 “(A) 85 percent of the simple average
5 price received by producers of soybeans, as de-
6 termined by the Secretary, during the market-
7 ing years for the immediately preceding 5 crops
8 of soybeans, excluding the year in which the av-
9 erage price was the highest and the year in
10 which the average price was the lowest in the
11 period; and

12 “(B) 85 percent of the simple average
13 price received by producers of soybeans, as de-
14 termined by the Secretary, during the 1994
15 through 1998 marketing years, excluding the
16 year in which the average price was the highest
17 and the year in which the average price was the
18 lowest in the period.

19 “(2) SUNFLOWER SEED, CANOLA, RAPESEED,
20 SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The
21 loan rate for a marketing assistance loan under sec-
22 tion 131 for sunflower seed, canola, rapeseed, saf-
23 flower, mustard seed, and flaxseed, individually,
24 shall be equal to the greater of—

1 “(A) 85 percent of the simple average
 2 price received by producers of such oilseed, as
 3 determined by the Secretary, during the mar-
 4 keting years for the immediately preceding 5
 5 crops of such oilseed, excluding the year in
 6 which the average price was the highest and the
 7 year in which the average price was the lowest
 8 in the period; and

9 “(B) 85 percent of the simple average
 10 price received by producers of such oilseed, as
 11 determined by the Secretary, during the 1994
 12 through 1998 marketing years, excluding the
 13 year in which the average price was the highest
 14 and the year in which the average price was the
 15 lowest in the period.”.

16 **SEC. 4. EXTENSION OF MARKETING ASSISTANCE LOANS.**

17 Section 133 of the Agricultural Market Transition
 18 Act (7 U.S.C. 7233) is amended by striking subsection
 19 (c) and inserting the following:

20 “(c) EXTENSION.—The Secretary may extend the
 21 term of marketing assistance loans made to producers
 22 under this subtitle for any loan commodity for a 6-month
 23 period if the Secretary determines that the extension will
 24 promote the orderly delivery of the loan commodity, mate-

1 rially reduce program costs to the Government, or result
 2 in a significant improvement in income for producers.”.

3 **SEC. 5. REINSTATEMENT OF FARMER-OWNED RESERVE**
 4 **PROGRAM.**

5 Section 171(b)(1) of the Agricultural Market Transi-
 6 tion Act (7 U.S.C. 7301(b)(1)) is amended by striking
 7 subparagraph (E).

8 **SEC. 6. STRATEGIC FOOD RESERVE OF LOAN COMMOD-**
 9 **ITIES.**

10 Subtitle C of the Agricultural Market Transition Act
 11 (7 U.S.C. 7231 et seq.) is amended by adding at the end
 12 the following new section:

13 **“SEC. 138. STRATEGIC FOOD RESERVE.**

14 “(a) RESERVE REQUIRED.—The Secretary shall
 15 build a reserve stock of a loan commodity whenever prices
 16 for that commodity fall below 75 percent of the loan rate
 17 for marketing assistance loans for that commodity.

18 “(b) METHODS OF ACQUISITION.—Loan commodities
 19 for inclusion in the reserve may be acquired—

20 “(1) through purchases—

21 “(A) from producers; or

22 “(B) in the market, if the Secretary deter-
 23 mines that the purchases will not unduly dis-
 24 rupt the market; or

1 “(2) by designation by the Secretary of stocks
2 of loan commodities of the Commodity Credit Cor-
3 poration.

4 “(c) RELEASE OF ELIGIBLE COMMODITIES.—The
5 Secretary may release stocks of a loan commodity in the
6 reserve only when there is such a domestic shortage of
7 the loan commodity that—

8 “(1) widespread concern exists about the supply
9 of affordable food for residents of the United States;
10 and

11 “(2) prices for the commodity exceed 200 per-
12 cent of the loan rate for marketing assistance loans
13 for the commodity.

14 “(d) ADMINISTRATION.—To the maximum extent
15 practicable consistent with the fulfillment of the purposes
16 of this section and the effective and efficient administra-
17 tion of this section, the Secretary shall use the usual and
18 customary channels, facilities, arrangements, and prac-
19 tices of trade and commerce to release stocks of a loan
20 commodity maintained in the reserve. The Secretary shall
21 administer the release of stocks from the reserve so as to
22 ensure that the prices received by agricultural producers
23 of that commodity are not depressed as a result of the
24 release.

1 “(e) LIMITATION ON TOTAL QUANTITY ACQUIRED.—
 2 The Secretary may not acquire for inclusion in the reserve
 3 more than 25 percent of the average annual production
 4 of a loan commodity.

5 “(f) MANAGEMENT OF COMMODITIES.—The Sec-
 6 retary shall provide—

7 “(1) for the management of loan commodities
 8 in the reserve, including the selection of storage lo-
 9 cations; and

10 “(2) for the periodic rotation or replacement of
 11 stocks of loan commodities in the reserve to avoid
 12 spoilage and deterioration of the commodities.

13 “(g) USE OF COMMODITY CREDIT CORPORATION.—
 14 The funds, facilities, and authorities of the Commodity
 15 Credit Corporation shall be used by the Secretary in carry-
 16 ing out this section, except that any restriction applicable
 17 to the acquisition, storage, or disposition of commodities
 18 owned or controlled by the Commodity Credit Corporation
 19 shall not apply.”.

20 **SEC. 7. IMPROVED DELIVERY OF FARM SERVICE AGENCY**
 21 **SERVICES AT LOCAL AND AREA LEVEL.**

22 (a) TRANSFER OF FUNDS FOR FISCAL YEAR 1999.—
 23 To ensure the prompt response of the Farm Service Agen-
 24 cy during fiscal year 1999 to requests submitted by pro-
 25 ducers, the Secretary of Agriculture may transfer to the

1 Farm Service Agency from other appropriations or funds
 2 available to the agencies or corporations of the Depart-
 3 ment of Agriculture an amount equal to not more than
 4 25 percent of the operating budget for that fiscal year of
 5 local and area offices of the Farm Service Agency.
 6 Amounts transferred under this subsection may be used
 7 only for activities at local and area offices of the Farm
 8 Service Agency.

9 (b) SUBSEQUENT YEARS.—The Secretary of Agri-
 10 culture shall include in the materials submitted to Con-
 11 gress in support of the budget request for the Department
 12 of Agriculture for each fiscal year a certification that the
 13 amount requested for the operation of local and area of-
 14 fices of the Farm Service Agency will be sufficient to meet
 15 the expected needs of agricultural producers for services.

16 **SEC. 8. TEMPORARY CONSERVATION RESERVE TO RE-**
 17 **SPOND TO DISEASE INFESTATIONS.**

18 Subtitle D of title XII of the Food Security Act of
 19 1985 (16 U.S.C. 3801 et seq.) is amended by inserting
 20 after section 1256 the following new section:

21 **“SEC. 1257. THREE-YEAR CONSERVATION RESERVE FOR**
 22 **DISEASED CROPLANDS.**

23 “(a) RESERVE REQUIRED.—Using the authority pro-
 24 vided in subchapter B, the Secretary shall formulate and
 25 carry out the enrollment of lands described in subsection

1 (b) in a conservation reserve program through the use of
 2 contracts to assist owners and operators of such lands to
 3 combat plant diseases that have devastated the lands.

4 “(b) ELIGIBLE LANDS.—The Secretary shall include
 5 in the program only those croplands that have been dev-
 6 astated by a plant disease for which effective responses
 7 are reasonably anticipated within four years, but are oth-
 8 erwise suitable for the production of crops or livestock.

9 “(c) TERM OF CONTRACT.—A contract under this
 10 section shall have a term of three years.”.

11 **SEC. 9. SPECIAL CROP INSURANCE RULES FOR COUNTIES**

12 **SUBJECT TO DISASTER DECLARATION.**

13 (a) MULTI-PERIL CROP INSURANCE.—For purposes
 14 of administering the Federal Crop Insurance Act (7
 15 U.S.C. 1501 et seq.) for producers operating in a county
 16 described in subsection (c), the Secretary of Agriculture
 17 may not—

18 (1) include the producer in any nonstandard
 19 classification list on account of the inclusion of the
 20 county in a designated disaster area; or

21 (2) determine, without the consent of the pro-
 22 ducer, the actual production history of the producer
 23 using production records of any crop year during
 24 which the county was included in a designated disas-
 25 ter area.

1 (b) EXCEPTION.—Subsection (a) shall not apply to
2 a disaster that the Secretary of Agriculture determines is
3 a reoccurring, frequent, and well-known risk of farming
4 in the locale, and the risks cannot reasonably be expected
5 to be controlled or eliminated by crop protection efforts
6 within a 7-year period.

7 (c) COVERED COUNTIES.—This section applies with
8 respect to a county that is included in whole or in part
9 in a designated disaster area.

10 (d) DESIGNATED DISASTER AREA DEFINED.—In
11 this section, the term “designated disaster area” means
12 an area—

13 (1) covered by a Presidential declaration of
14 major disaster issued under section 401 of the Rob-
15 ert T. Stafford Disaster Relief and Emergency As-
16 sistance Act (42 U.S.C. 5170) on account of damag-
17 ing weather or a related condition in the area; or

18 (2) determined to be a disaster area by the Sec-
19 retary of Agriculture under subpart A of part 1945
20 of title 7, Code of Federal Regulations, on account
21 of damaging weather or a related condition in the
22 area.

23 (e) EFFECTIVE DATE.—This section shall apply be-
24 ginning with the 1999 crop year for each commodity that

1 is grown in a covered county and for which multi-peril
2 crop insurance is generally available in the United States.

3 **SEC. 10. DOUBLING OF BUDGET AUTHORITY AND APPRO-**
4 **PRIATIONS FOR DIRECT LOAN, LOAN GUAR-**
5 **ANTEE, AND INTEREST RATE REDUCTION**
6 **PROGRAMS FOR FISCAL YEAR 1999.**

7 (a) BUDGET AUTHORITY.—

8 (1) DIRECT LOAN AND LOAN GUARANTEE PRO-
9 GRAMS.—Section 346(b)(1)(D) of the Consolidated
10 Farm and Rural Development Act (7 U.S.C.
11 1994(b)(1)(D)) is amended by striking
12 “\$3,325,000,000”, “\$585,000,000”, “\$85,000,000”,
13 “\$500,000,000”, \$2,740,000,000”, “\$690,000,000”,
14 and “\$2,050,000,000” and inserting “\$6,650,000”,
15 “\$1,170,000,000”, “\$170,000,000”,
16 “\$1,000,000,000”, “\$5,480,000,000”,
17 “\$1,380,000,000”, and “\$4,100,000,000”, respec-
18 tively.

19 (2) INTEREST RATE REDUCTION PROGRAM.—
20 Section 351 of such Act (7 U.S.C. 1999) is amend-
21 ed—

22 (A) in subsection (c), by striking “4” and
23 inserting “8”; and

24 (B) in subsection (e)(2), by striking
25 “\$490,000,000” and inserting “\$980,000,000”.

1 (b) APPROPRIATIONS.—Out of any money in the
2 Treasury not otherwise appropriated, there are appro-
3 priated for the fiscal year ending September 30, 1999:

4 (1) For gross obligations for the principal
5 amount of direct and guaranteed loans as authorized
6 by sections 308 and 309 of the Consolidated Farm
7 and Rural Development Act, to be available from
8 funds in the Agricultural Credit Insurance Fund, as
9 follows:

10 (A) Farm ownership loans,
11 \$1,021,298,000, of which \$850,000,000 shall
12 be for guaranteed loans.

13 (B) Operating loans, \$3,576,756,000, of
14 which \$1,985,812,000 shall be for unsubsidized
15 guaranteed loans and \$470,000,000 shall be for
16 subsidized guaranteed loans.

17 (2) For the cost of direct and guaranteed loans,
18 including the cost of modifying loans as defined in
19 section 502 of the Congressional Budget Act of
20 1974, as follows:

21 (A) Farm ownership loans, \$39,160,000,
22 of which \$13,516,000 shall be for guaranteed
23 loans.

24 (B) Operating loans, \$140,674,000, of
25 which \$23,036,000 shall be for unsubsidized

- 1 guaranteed loans and \$41,078,000 shall be for
- 2 subsidized guaranteed loans.

